

Message Text

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UNCLAS SECTION 01 OF 02 BRUSSELS 12362

USEEC

PASS AGRICULTURE ELECTRONICALLY
PARIS ALSO FOR USOECD
GENEVA ALSO FOR USMTN

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TAGS: EAGR, EEC
SUBJ: MEETING OF COUNCIL OF AGRICULTURAL MINISTERS, JUNE 19-20

REFS: (A) BRUSSELS 9192 (B) EC A-137; (C) 76 EC A-97
(D) 77 BRUSSELS 14585; (E) BRUSSELS 10558

1. SUMMARY: NO DECISIONS WERE REACHED BY THE COUNCIL OF AGRICULTURE MINISTERS DURING THEIR FIRST SESSION FOLLOWING THE MARATHON PRICE FIXING SESSION IN MAY (REF. A). TWO BIG AGENDA ITEMS, THE COMMISSION PROPOSALS FOR THE ESTABLISHMENT OF THE COMMON AGRICULTURAL POLICY FOR POTATOES AND SHEEPMEAT, WERE REFERRED BACK TO THE SPECIAL AGRICULTURAL COMMITTEE FOR FURTHER STUDY. GUNDELACH PRESENTED COMMISSION VIEWS ON THE CURRENT STATUS OF GATT NEGOTIATIONS CONCERNING AGRICULTURE FOLLOWED BY A BRIEF AIRING OF VIEWS BY INDIVIDUAL AG MINISTERS.
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GUNDELACH ALSO BRIEFLY REVIEWED THE STATE OF SUGAR NEGOTIATIONS WITH ACP COUNTRIES PRIOR TO A RESUMPTION OF NEGOTIATIONS WITH ACP COUNTRIES ON JUNE 22. OTHER DISCUSSIONS INCLUDED A PROGRESS REPORT ON AFFORESTATION IN THE MEDITERRANEAN AREA AND AN EXCHANGE OF VIEWS ON INTERVENTION CENTERS AND PRICES FOR OILSEEDS. ISOGLUCOSE AND ANIMAL CRUELTY WERE ALSO DISCUSSED. THE NEXT AG COUNCIL IS SCHEDULED FOR JULY 24-25.

END SUMMARY.

2. AFTER MEETING FOR TWO HOURS IN THE LATE AFTERNOON OF THE 19TH, THE COUNCIL OF AGRICULTURAL MINISTERS CONCLUDED THEIR JUNE SESSION WITH A THREE HOUR MORNING SESSION ON THE 20TH. DURING THE AFTERNOON SESSION OF THE 19TH, THE MINISTERS EXCHANGED VIEWS ON THE COMMISSION PROPOSALS FOR A COMMON ORGANIZATION OF THE MARKET IN SHEEPMEAT AND POTATOES. (REFS. B AND C). THESE REPRESENT TWO OF THE THREE PRODUCTS FOR WHICH THERE IS AS YET NO COMMON AGRICULTURAL POLICY (ALCOHOL BEING THE THIRD). THE BASIC PROBLEM IN THE CASE OF SHEEPMEAT IS THE PRESENT DIVERSITY OF MARKETS IN THE EC. IN THE UK, PRICES RECEIVED BY FARMERS ARE SUPPLEMENTED BY DEFICIENCY PAYMENTS WITH PRICES IN IRELAND BEING INFLUENCED BY THE MUCH LARGER UK MARKET. THE UK MARKET IS ALSO SUPPLIED BY FROZEN LAMB FROM NEW ZEALAND. THE FRENCH, ON THE OTHER HAND, IMPOSE A COMBINATION OF MEASURES INCLUDING IMPORT QUOTAS, COUNTERVAILING CHARGES AND AIDS TO PRODUCERS TO MAINTAIN PRODUCER INCOMES. IMPORT LICENSES ARE REQUIRED IN GERMANY FOR CERTAIN PRODUCTS WHILE DENMARK MAINTAINS AN IMPORT QUOTA. DURING COUNCIL DISCUSSIONS, THE FRENCH PRESENTED A PROPOSAL OF THEIR OWN FOR CONSIDERATION WHICH WOULD IN ESSENCE MAINTAIN THE STATUS QUO. IT CALLS FOR A COORDINATION OF NATIONAL MARKET ORGANIZATIONS INSTEAD OF A COMMON MARKET ORGANIZATION AS PROPOSED BY THE COMMISSION. UNDER THE FRENCH PROPOSAL, TRADE BETWEEN MEMBER STATES

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WOULD BE SUBJECT TO A SYSTEM OF INTERNAL LEVIES TO COMPENSATE FOR A SYSTEM OF QUOTE MANAGEMENT PRICES UNQUOTE SET TO REFLECT CURRENT PRICE LEVELS IN MEMBER STATES. THE COMMISSION ESSENTIALLY REJECTED THIS IDEA ON THE BASIS THAT IT WOULD LIKELY BE REJECTED BY THE EUROPEAN COURT OF JUSTICE. THE MINISTERS AGREED TO HAVE THE DOSSIER FOR SHEEPMEAT SENT BACK TO THE SPECIAL AGRICULTURE COMMITTEE WHICH WOULD CONSIDER ALL THE POINTS THAT WERE RAISED DURING THE DISCUSSIONS.

3. DURING ITS BRIEF REVIEW OF THE POTATO FILE, DISCUSSIONS CONCERNED MAINLY EARLY POTATOES AND ITALY'S DESIRE TO OBTAIN COMPENSATION FOR IMPORTS OF EARLY POTATOES RESULTING FROM VARIOUS PREFERENTIAL AGREEMENTS, PARTICULARLY WITH CYPRUS. THE GERMAN MINISTER SEIZED ON THE ITALIAN REMARKS TO POINT OUT THAT THE COMMUNITY HAD ALREADY DEALT WITH THIS PROBLEM IN ITS NEGOTIATIONS WITH CYPRUS, AND SECONDLY THAT ITALY WAS NOT IN ANY EVENT ADVERSELY AFFECTED BY THESE IMPORTS WHICH WENT PRIMARILY TO THE UNITED KINGDOM. THERE WAS VERY LITTLE DISCUSSION ON HOW THE COMMUNITY WOULD DEAL WITH MAIN CROP POTATOES, HOWEVER, THE UK ADVOCATED THAT ONE APPROACH MIGHT BE FOR A SYSTEM OF REGIONALIZED AIDS TO BE

FINANCED BY PRODUCER CONTRIBUTIONS; A SYSTEM NOT UNLIKE
THAT CURRENTLY PRACTICED BY THE POTATO MARKETING BOARDS
IN THE UK AND IRELAND.

4. THE COMMISSION'S VIEWS OF THE GATT NEGOTIATIONS CONCERNING AGRICULTURE PRESENTED BY VICE PRESIDENT GUNDELACH WERE TRANSMITTED BY SEPTTEL.

5. COMMISSIONER GUNDELACH COMMENTED BRIEFLY ON THE STATUS OF EC/ACP NEGOTIATIONS ON PRICES TO BE PAID FOR IMPORTS OF ACP SUGAR (REF. E). WITHOUT BEING SPECIFIC, GUNDELACH SAID THAT MEMBER STATES WOULD BE SATISFIED WITH THE FINAL OUTCOME OF THE NEGOTIATIONS. OBSERVERS AT THE COUNCIL MEETING SAID THAT THE COMMISSION WOULD DEFINITELY NOT INCREASE PRICES
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USEEC

PASS AGRIC ELECTRONICALLY
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FOR PREFERENTIAL SUGAR IMPORTS ABOVE THE 2 PERCENT GRANTED
COMMUNITY PRODUCERS. ACCORDING TO ONE SOURCE IT WAS ALSO

VERY UNLIKELY THAT THE FINAL PRICE INCREASE FOR IMPORTED PREFERENTIAL SUGAR WOULD BE MADE RETROACTIVE AS HAD BEEN THE CASE AT SOME PREVIOUS NEGOTIATIONS.

6. THE COUNCIL HEARD A PROGRESS REPORT ON WORK BEING DONE ON THE COMMISSION PROPOSAL FOR COMMON MEASURES FOR FORESTRY IN CERTAIN DRY MEDITERRANEAN REGIONS. IT WAS AGREED DURING THE PRICE PACKAGE NEGOTIATIONS THAT THIS PROPOSAL WOULD BE ACTED UPON PRIOR TO THE END OF SEPTEMBER, 1978. THE ITALIAN MINISTER EMPHASIZED THAT SATISFACTORY SETTLEMENT OF THIS DOSSIER WAS OF PARTICULAR IMPORTANCE TO HIM IN VIEW OF ASSURANCES HE HAD MADE TO HIS GOVERNMENT IN THIS REGARD FOLLOWING NEGOTIATIONS OF THE PRICE PACKAGE. THE GERMAN MINISTER REPORTEDLY POINTED OUT THAT WHILE MEMBER STATES HAD AGREED TO TAKE UP THE QUESTION BEFORE OCTOBER 1, THEY UNCLASSIFIED

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HAD NOT AGREED TO FULL ACCEPTANCE OF THE PROPOSAL. THE FRENCH, IN FACT, MADE THEIR APPROVAL OF THE FORESTRY MEASURES CONTINGENT ON A SATISFACTORY OUTCOME WITH REGARD TO THE COMMISSION'S PROPOSALS ON WINE WHICH HAD ALSO BEEN DEFERRED FOR LATER DISCUSSION DURING THE PRICE PACKAGE NEGOTIATIONS.

7. OTHER BUSINESS: ISOGLUCOSE. WITH SUPPORT FROM THE NETHERLANDS, THE UK EXPRESSED ITS CONCERN THAT THE COMMISSION WAS NOT MOVING FAST ENOUGH IN BRINGING FORWARD ITS PROMISED STUDY ON THE PRODUCTION COSTS OF ISOGLUCOSE. THE UK POINTED OUT THAT ITS MAJOR MANUFACTURER (TUNNEL REFINERIES) WAS OPERATING AT ONLY ONE-THIRD CAPACITY (AT A LOSS), BUT WAS CONTINUING PRODUCTION IN HOPES OF OBTAINING A FAVORABLE OUTCOME FOLLOWING THE COMMISSION STUDY. EC MANUFACTURERS OF ISOGLUCOSE ARE NOW ASSESSED A PRODUCTION LEVY OF 5 U.A./100 KGS. TO HELP DEFRAY COSTS OF DISPOSING OF SURPLUS EC SUGAR.

8. ANIMAL WELFARE: IN RESPONSE TO A UK CONCERN THAT ANIMALS IMPORTED FOR SLAUGHTER WERE BEING CRUELLY TREATED DURING TRANSPORT, COMMISSIONER GUNDELACH SAID THAT THE COMMISSION WAS NOW DRAWING UP A PROPOSAL WHICH WOULD ELABORATE CRITERIA FOR THE SHIPMENT OF LIVE ANIMALS FOR SLAUGHTER. THE DIRECTIVE, HE SAID, WOULD DRAW UPON OBJECTIVES PUT FORWARD A NUMBER OF YEARS AGO BY THE COUNCIL OF EUROPE. ONE OF THESE OBJECTIVES WOULD BE TO EVENTUALLY REPLACE MOST LIVE SHIPMENTS OF ANIMALS FOR SLAUGHTER WITH TRADE IN CARCASS MEATS.

9. THE COUNCIL OF AG MINISTERS ALSO APPROVED A LARGE NUMBER OF REGULATIONS WHICH WILL FORMALLY IMPLEMENT MOST OF THE DECISIONS TAKEN IN MAY DURING THE ANNUAL PRICE NEGOTIATIONS.

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10. THE NEXT SESSION OF THE AGRICULTURAL MINISTERS WILL TAKE PLACE IN BRUSSELS ON THE 24TH AND 25TH OF JULY. THIS WILL BE THE FIRST SESSION UNDER THE PRESIDENCY OF THE GERMAN MINISTER MR. ERTL. IN A PRESS CONFERENCE FOLLOWING THE MINISTERIAL, MR. ERTL EXPRESSED HIS INTENTION TO CONCENTRATE IN THE NEXT SIX MONTHS ON PRIORITY ITEMS RATHER THAN MINOR POINTS. IN THIS RESPECT, HE SAID, THAT HE WAS CONSIDERING A COLLECTIVE APPROACH TO THREE OUTSTANDING DIFFICULT ISSUES, NAMELY THE ESTABLISHMENT OF A COMMON AGRICULTURAL POLICY FOR ALCOHOL, SHEEPMEAT AND POTATOES. WHILE NOT DWELLING ON DETAILS, IT SEEMED CLEAR THAT HE INTENDED TO MOVE THESE THREE ITEMS FORWARD AS A UNIT. HINTON

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